

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 615 – HB 871

March 10, 2013

**SUMMARY OF ORIGINAL BILL:** Authorizes a bank to include in its charter or bylaws a prohibition on disclosure of the name, address, or number of shares of its shareholders, unless required by the Tennessee Financial Records Privacy Act. Authorizes a bank to include in its charter or bylaws a requirement that no person shall solicit a proxy or written consent from any shareholder, unless certain information identified in the bylaws is first provided to the bank and its shareholders. Authorizes shareholders, if the bank's charter or bylaws expressly authorize shareholder actions by written consent, to be informed in writing of the number of shares counted: towards a quorum for a shareholders meeting; regarding any nomination or proposal voted upon at a shareholders meeting; or regarding an action taken by written consent.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (004170):** Deletes all language after the enacting clause. Authorizes a bank to include in its charter all, but not less than all of the following: a prohibition on disclosure of the name, address, or number of shares of its shareholders, unless required by the Tennessee Financial Records Privacy Act; a requirement that no person shall solicit a proxy or written consent from any shareholder, unless certain information identified in the bylaws is first provided to the bank and its shareholders; an authorization for the bank to charge a reasonable fee to cover the cost of distribution, if the bylaws state that the bank will communicate the information to the other shareholders on the shareholder's behalf; and a requirement that the bank shall notify the requesting shareholder that it has provided the requested information to other shareholders. Prohibits the Commissioner of the Department of Financial Institutions from charging a fee for approving an amendment, if a bank chooses to amend its charter to include such language. Authorizes shareholders, if the bank's charter or bylaws expressly authorize shareholder actions by written consent, to be informed in writing of the number of shares counted: towards a quorum for a shareholders meeting; regarding any nomination or proposal voted upon at a shareholders meeting; or regarding an action taken by written consent. Authorizes any bank shareholder of record to seek a declaratory judgment with respect to a bona fide dispute regarding such votes in a court of record in the county in which the bank's main office or chief executive's office is located.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. & 45-1-124(d), Tennessee state banks are subject to the Business Corporations Act, except to the extent that the Act is inconsistent or contrary to specific provisions in the Tennessee Banking Act.
- The Business Corporations Act authorizes any shareholder to inspect and copy certain corporate records, including the record of shareholders of a corporation. The record of shareholders may include the name and address of a shareholder, and the number of shares held by a shareholder.
- The provisions of this bill as amended will authorize a bank to prohibit disclosure of such shareholder information, unless required by the Tennessee Financial Records Privacy Act.
- Based on information provide by the Department of Financial Institutions, this bill as amended will not result in a significant fiscal or regulatory impact to the Department and can be accommodated within existing resources.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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